

AMENDED IN ASSEMBLY MAY 5, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1390

Introduced by Assembly Member Ridley-Thomas
(Coauthors: Assembly Members Dymally, Hancock, Lieber, Maze,
Nation, and Pavley)
(Coauthor: Senator Soto)

February 21, 2003

An act to add and repeal Sections 17052.11 and 23611 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1390, as amended, Ridley-Thomas. Income tax credits: fuel efficient vehicles.

The Personal Income Tax Law and the Bank and Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill would authorize a credit against those taxes for each taxable year beginning on or after January 1, 2003, and before January 1, 2008, in an amount equal to 20%, but not to exceed \$2,000, of the amount paid or incurred during the taxable year for the purchase of a fuel efficient vehicle. This bill would define a fuel efficient vehicle as a vehicle that achieves a fuel efficiency that is ~~25%~~ 35% greater than the ~~baseline~~ average miles per gallon *fuel economy* established for vehicles of the same classification as that vehicle.

This bill would provide that the credits authorized by this bill will not be allowable until a taxable year that includes, in whole or in part, the first fiscal year following the enactment of this bill for which the

Director of Finance makes a certified finding that the revenues for that fiscal year will equal or exceed the expenditures for that fiscal year.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17052.11 is added to the Revenue and
2 Taxation Code, to read:

3 17052.11. (a) ~~For~~ *Subject to subdivision (b), for each taxable*
4 *year beginning on or after January 1, 2003, and before January 1,*
5 *2008, there shall be allowed as a credit against the “net tax,” as*
6 *defined in Section 17039, an amount equal to 20 percent, not to*
7 *exceed two thousand dollars (\$2,000), of the amount paid or*
8 *incurred during the taxable year for the purchase of a new fuel*
9 *efficient vehicle.*

10 (b) (1) *The credit authorized by this section shall be allowable*
11 *for a taxable year described in subdivision (a) only if that taxable*
12 *year includes, in whole or in part, or follows the first fiscal year,*
13 *beginning after the operative date of this section, for which the*
14 *Director of Finance makes a certified finding that projected state*
15 *revenues for that fiscal year will equal or exceed projected state*
16 *expenditures for that fiscal year.*

17 (2) *The certified finding required by paragraph (1) shall be*
18 *submitted to the Legislature and the Governor no later than June*
19 *15 of the fiscal year prior to the fiscal year for which the certified*
20 *finding is made.*

21 (3) *The Director of Finance, in making the finding required by*
22 *paragraph (1), shall consider all relevant economic indicators*
23 *including, but not limited to, the following:*

24 (A) *The most recent budgetary revenue forecast prepared by the*
25 *Department of Finance for the current fiscal year.*

26 (B) *The most recent budgetary revenue forecast prepared by the*
27 *Department of Finance for the next fiscal year.*

28 (C) *All outstanding disbursements that are scheduled to be*
29 *made during the current fiscal year.*

30 (D) *Anticipated budgetary adjustments that are required to be*
31 *made during the current fiscal year.*

1 (E) Interfund loans and fund shifting transfers that are to be
2 made for both the current fiscal year and the next fiscal year.

3 (F) Data from the May budget revision.

4 (G) The actual cash receipts for the current fiscal year.

5 (H) The actual tax receipts collected by the Franchise Tax
6 Board through the month of April of the current fiscal year.

7 (I) The projected revenue losses for the next fiscal year that
8 would be attributable to the credit authorized by this section.

9 (4) The Controller shall provide the Director of Finance with
10 any information available to the Controller that is requested by the
11 Director of Finance for purposes of making the determination
12 required by paragraph (1).

13 (c) For purposes of this section:

14 (1) "CALCARS" means the California Light Duty Vehicle
15 Conventional and Alternative Fuel Response Simulator
16 maintained by the California Energy Commission.

17 (2) "Fuel efficient vehicle" means a qualified vehicle that
18 achieves fuel efficiency that is at least 25 a combined miles per
19 gallon economy that is at least 35 percent greater than the baseline
20 miles per gallon usage, as calculated by the California Energy
21 Commission, for vehicles in the same CALCAR class as that
22 vehicle.

23 ~~(2)~~ average miles per gallon fuel economy achieved by vehicles
24 in the same CALCARS vehicle class as the qualified vehicle. "Fuel
25 efficient vehicle" does not include any vehicle with a combined
26 miles per gallon fuel economy of less than 21 miles per gallon. The
27 average combined miles per gallon fuel economy for each
28 CALCARS vehicle class shall be calculated annually by the
29 California Energy Commission.

30 (3) "Combined miles per gallon fuel economy" for a qualified
31 vehicle shall be based on the miles per gallon estimates calculated
32 by CALCARS and shall be calculated using a formula that
33 allocates 55 percent as city miles per gallon and the remaining 45
34 percent as highway miles per gallon.

35 (4) "Qualified vehicle" means a vehicle that is in the same
36 class as any of the following CALCAR classes of vehicles:

37 (A) Mini-car.

38 (B) Sub-compact car.

39 (C) Compact car.

40 (D) Mid-size car.

1 ~~(E) Large size car.~~

2 ~~(F) Sports car.~~

3 ~~(G) Minivan.~~

4 ~~(H) Standard van.~~

5 ~~(I) Compact truck.~~

6 ~~(J) Standard truck.~~

7 ~~(K) Mini-SUV.~~

8 ~~(L) Compact SUV.~~

9 ~~(M) Standard SUV.~~

10 ~~(e) any vehicle that is evaluated by the California Energy~~
11 ~~Commission under the CALCARS program.~~

12 (d) In the case where the credit allowed by this section exceeds
13 the “net tax,” the excess may be carried over to reduce the “net
14 tax” in the following year, and succeeding years if necessary, until
15 the credit is exhausted.

16 ~~(d)~~

17 (e) This section shall remain in effect only until January 1,
18 2009, and as of that date is repealed.

19 SEC. 2. Section 23611 is added to the Revenue and Taxation
20 Code, to read:

21 23611. (a) ~~For~~ Subject to subdivision (b), for each taxable
22 year beginning on or after January 1, 2003, and before January 1,
23 2008, there shall be allowed as a credit against the “tax,” as
24 defined in Section 23036, an amount equal to 20 percent, not to
25 exceed two thousand dollars (\$2,000), of the amount paid or
26 incurred during the taxable year for the purchase of a new fuel
27 efficient vehicle.

28 (b) (1) The credit authorized by this section shall be allowable
29 for a taxable year described in subdivision (a) only if that taxable
30 year includes, in whole or in part, or follows the first fiscal year,
31 beginning after the operative date of this section, for which the
32 Director of Finance makes a certified finding that projected state
33 revenues for that fiscal year will equal or exceed projected state
34 expenditures for that fiscal year.

35 (2) The certified finding required by paragraph (1) shall be
36 submitted to the Legislature and the Governor no later than June
37 15 of the fiscal year prior to the fiscal year for which the certified
38 finding is made.

1 (3) *The Director of Finance, in making the finding required by*
2 *paragraph (1), shall consider all relevant economic indicators*
3 *including, but not limited to, the following:*

4 (A) *The most recent budgetary revenue forecast prepared by the*
5 *Department of Finance for the current fiscal year.*

6 (B) *The most recent budgetary revenue forecast prepared by the*
7 *Department of Finance for the next fiscal year.*

8 (C) *All outstanding disbursements that are scheduled to be*
9 *made during the current fiscal year.*

10 (D) *Anticipated budgetary adjustments that are required to be*
11 *made during the current fiscal year.*

12 (E) *Interfund loans and fund shifting transfers that are to be*
13 *made for both the current fiscal year and the next fiscal year.*

14 (F) *Data from the May budget revision.*

15 (G) *The actual cash receipts for the current fiscal year.*

16 (H) *The actual tax receipts collected by the Franchise Tax*
17 *Board through the month of April of the current fiscal year.*

18 (I) *The projected revenue losses for the next fiscal year that*
19 *would be attributable to the credit authorized by this section.*

20 (4) *The Controller shall provide the Director of Finance with*
21 *any information available to the Controller that is requested by the*
22 *Director of Finance for purposes of making the determination*
23 *required by paragraph (1).*

24 (c) *For purposes of this section:*

25 (1) *“CALCARS” means the California Light Duty Vehicle*
26 *Conventional and Alternative Fuel Response Simulator*
27 *maintained by the California Energy Commission.*

28 (2) *“Fuel efficient vehicle” means a qualified vehicle that*
29 *achieves fuel efficiency that is at least 25 a combined miles per*
30 *gallon economy that is at least 35 percent greater than the baseline*
31 *miles per gallon usage, as calculated by the California Energy*
32 *Commission, for vehicles in the same CALCAR class as that*
33 *vehicle.*

34 ~~(2) average miles per gallon fuel economy achieved by vehicles~~
35 *in the same CALCARS vehicle class as the qualified vehicle. “Fuel*
36 *efficient vehicle” does not include any vehicle with a combined*
37 *miles per gallon fuel economy of less than 21 miles per gallon. The*
38 *average combined miles per gallon fuel economy for each*
39 *CALCARS vehicle class shall be calculated annually by the*
40 *California Energy Commission.*

1 (3) “Combined miles per gallon fuel economy” for a qualified
2 vehicle shall be based on the miles per gallon estimates calculated
3 by CALCARS and shall be calculated using a formula that
4 allocates 55 percent as city miles per gallon and the remaining 45
5 percent as highway miles per gallon.

6 (4) “Qualified vehicle” means ~~a vehicle that is in the same~~
7 ~~class as any of the following CALCAR classes of vehicles:~~

8 ~~(A) Mini-car.~~

9 ~~(B) Sub-compact car.~~

10 ~~(C) Compact car.~~

11 ~~(D) Mid-size car.~~

12 ~~(E) Large-size car.~~

13 ~~(F) Sports car.~~

14 ~~(G) Minivan.~~

15 ~~(H) Standard van.~~

16 ~~(I) Compact truck.~~

17 ~~(J) Standard truck.~~

18 ~~(K) Mini-SUV.~~

19 ~~(L) Compact SUV.~~

20 ~~(M) Standard SUV.~~

21 ~~(e) any vehicle that is evaluated by the California Energy~~
22 ~~Commission under the CALCARS program.~~

23 (d) In the case where the credit allowed by this section exceeds
24 the “tax,” the excess may be carried over to reduce the “tax” in
25 the following year, and succeeding years if necessary, until the
26 credit is exhausted.

27 ~~(d)~~

28 (e) This section shall remain in effect only until January 1,
29 2009, and as of that date is repealed.

30 SEC. 3. This act provides for a tax levy within the meaning of
31 Article IV of the Constitution and shall go into immediate effect.